Expansion Plans of Foreign Banks

1415. DR. NAUNIHAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) what are the details of foreign Banks in India which have approached Government for approval of their expansion plans;

(b) whether Government have decided to reject such plans; if so, the reasons thereof;

(c) whether there is a demand in the country to close the foreign banks completely; if so, the reasons therefor; and

(d) whether Government are considering a proposal/proposals to encourage private banks in the country; if so the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) According to Reserve Bank of India (RBI) the following foreign banks have approached them for oppening additional branches in the country:—

1. Hongkong Bank
2. Bank of America
3. Credit Lyonnaise
4. British Bank of Middle East
5. Banque Nationale De Paris
6. Abu Dhabi Commercial Bank Ltd.
7. ANZ Grindlays Bank
8. ABN Amro Bank
9. Standard Chartered Bank
10. Citibank
11. American Express Bank
12. Deutsche Bank
13. Bank of Nova Scotia
14. Societe Generale
15. Bank of Bahrain and Kuwait B.S.C.
16. Oman International Bank
17. Masherq Bank PSC
18. Barclays Bank

(b) No, Sir. The applications of foreign banks are at various stages of processing by RBI. In certain cases licences have been issued while in some other cases 'in principle' approvals have been given. The rest are under process.

(c) RBI have not received any such demand.

(d) The Committee on Financial System had stated inter-alia that there should be no bar to the setting up of new private sector banks provided they conform to the start up capital and other requirements as may be prescribed by RBI. The recommendation of the Committee has been considered by RBI and detailed guidelines have been issued by them in this regard in January, 1993.

Foreign Companies Operating in India

1416. SHRI S. MADHAVAN: Will the Minister of FINANCE be pleased to state:

(a) how many foreign companies are operating in the country as on 30th September, 1993 and what is their total investment;

(b) the details of credit facilities granted to these foreign companies by the banks and other financial institutions; and

(c) what are the export earnings through these foreign companies ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) The number of FERA Companies as on 30th June, 1991 was 103. Consequent upon the amendment of FERA, the distinction between a FERA Company and an Indian Company stands diluted. Hence details of FERA Companies are no longer available as a special category in the post liberalisation period.

(b) All Companies irrespective of ownership are subjected to the same credit regime and regulations of the Reserve Bank of India.

(c) Disaggregate export data on the basis of ownership is not maintained.

Representation against Import of dead Burnt Magnesite

1417. SHRI S. MADHAVAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have received representations against the liberalised import of dead burnt magnesite DBM which effected the indigenous industry; and

(b) what action has been taken to protect the local industries ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) The low purity dead burnt magnesite (DBM) attracts import duty of 85% and the higher purity DBM, which is not manufactured indigenously attracts duty of 50%. In addition to the basic customs duty, countervailing duty of 15% is also leviable. Government have received representations from manufacturers of DBM to increase the import duty on high purity DBM. Government have also received representation from manufacturers of refractories and steel to reduce the import duty on high purity DBM, which is not manufactured indigenously. The representations of indigenous manufacturers of DBM and of the users of DBM are at cross purposes.

(b) The import duty on DBM which is made indigenously has been kept at a higher level.

N.R.Is. Deposits

1418. SHRI S. MADHAVAN: Will the Minister of FINANCE be pleased to state:

(a) Whether it is a fact that the total out flow from NRI deposit during April to August, 1993 was higher than the same during corresponding period in 1992;

(b) If so, what are the details thereof;

(c) whether Government are changing the interest rates on NRI deposits often and if so, the reasons therefor;

(d) what are the steps taken to attract NRI deposits from the countries where a large number of NRIs are living; and

(e) What are the reasons due to which Malaysian and Singapore currencies were not permitted for NRI deposits ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) No, Sir.

(b) Does not arise.

(c) The interest rates on non-resident accounts are revised from time to time, keeping in view the developments in interest rates in international markets and the need to provide a positive differential to attract funds from non-resident Indian depositors. The interest rates on Non-resident (Not-repatriable) Rupee Deposits (NR (NR) RD) are determined by the commercial banks themselves.

(d) The incentives to attract deposits from NRIs include inter alia tax concessions, higher interest rates linked to international market rates, loans/overdraft facilities for approved purposes, simplification of procedures for operation of the Accounts etc.

(e) While remittances could be made in Malaysian and Singapore currencies, the facility of exchange guarantee under FCNRA Scheme is available only to the designated currencies.

Privatisation of L.I.C.

1419. SHRI H. HANUMANTHAPPA: Will the Minister of FINANCE be pleased to state:

(a) whether there is any move to privatise the L.I.C.; and

(b) if so, what are the details thereof ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (b) A Committee